

STATEMENT BY NEAL MIYAHIRA
DIRECTOR OF FINANCE
ON THE EXECUTIVE BIENNIUM BUDGET 2002-03
AND THE PROGRAM AND FINANCIAL PLAN
FOR THE PERIOD 2002-2007

December 18, 2000

Governor Benjamin Cayetano today submitted to the Legislature a \$16.273 billion budget request which will fund operating and capital expenditures of State government for fiscal years 2002 and 2003. For the two-year period, the budget proposes \$14.812 billion for government operating expenses and \$1.46 billion for capital construction, which entails all sources of financing. Attachment 1 is a copy of his message, which is included in the budget document.

Operating Budget

Of the \$14.812 billion for operating costs, \$7.278 billion is being recommended for the first year, and \$7.534 billion for the second year. \$7.293 billion of operating requirements are funded by general revenues of the State (general funds) over the biennium. Other means of financing State programs are shown below by type of financing, and by fiscal year:

<u>Means of Financing</u>	<u>FY 2002</u>	<u>FY 2003</u>
	(in billions)	
General Funds	\$3.561	\$3.732
Special Funds	1.388	1.368
Federal Funds	1.062	1.076
Other Funds	<u>1.267</u>	<u>1.358</u>
Totals:	\$7.278	\$7.534

Compared to general fund appropriations authorized for the current Fiscal Year 2001, total recommended funding from general revenues for FY 02 increases by about \$418.7 million or 13.3%. FY 03 general funding increases over FY 02 recommendations by \$171.3 million or 4.8%. Much of the funding increases address and accommodate statewide program needs which were either deferred or reduced over the last five years because of the State's lackluster economy.

Significant general fund increases over the biennium are due to Departments of Health and Education costs related to the Felix consent decree, and employee fringe benefits and debt service payments budgeted in the Department of Budget and Finance. Other increases reflect additional support of school-level costs of the Department of Education, higher education costs budgeted in the University of Hawaii, additional prison costs budgeted in the

Department of Public Safety, Hawaii Health Systems Corporation subsidies, programs for substance abuse and other health programs in the Department of Health, and emphasis on information technology coordination in the Office of the Governor.

In FY 01, we will be proposing additional emergency funding of \$107 million for Felix Consent Decree-related requirements, which is in addition to \$258 million already appropriated for that purpose. For FB 2002-03, funding for Felix-related requirements over the biennium totals about \$719 million, and is expected to increase as new cases are identified. The \$719 million includes \$444 million for the Department of Education, \$271 million for the Department of Health, and \$4 million for the Department of Human Services.

Attachment 3 provides a summary of each Executive agency's operating budget funding for FY 02 and FY 03. Attachment 4 provides specific details of each department's significant budget recommendations.

Capital Budget

To implement the Governor's intent to accelerate repairs and construction projects, especially in our schools, we will increase our general obligation bond issuance from \$400 million to \$1 billion over the biennium. In total, capital construction funding is recommended at \$705.9 million for FY 02 and \$755 million for FY 03. The means of capital financing are shown below by type of financing, and by fiscal year:

<u>Means of Financing</u>	<u>FY 2002</u>	<u>FY 2003</u>
	(in millions)	
General Obligation Bonds	\$345.7	\$514.6
Reimbursable GO Bonds	1.3	4.6
Special Funds	154.6	93.6
Federal Funds	124.5	64.0
Revenue Bonds	62.6	58.2
Revolving Funds	9.8
Private Contributions	<u>7.4</u>	<u>20.0</u>
Totals:	\$705.9	\$755.0

Over the biennium, \$290 million in GO bond funding will be used for repair and maintenance of existing schools, and additional construction and upgrades of school facilities.

\$244 million of GO bond funding will also be provided to the University of Hawaii for its new medical school, various upgrades and repairs and maintenance of existing facilities, new projects, and a new Information and Technology Services Building. Combined funding of \$25 million over the biennium will be used to support wastewater treatment construction; \$321 million in combined funding will provide capital funding for various airport, harbor, and highway facilities; \$70 million in combined funding will be used to construct an aquarium in Kakaako; \$12.4 million in GO funds will be used to upgrade hospital facilities of the Hawaii Health Systems Corporation; \$9 million in combined funding will be used to

support construction and renovation of public water systems; \$12.5 million in GO funding will expand the Maui Community Correctional Center; and \$20.6 million will be used statewide to repair, renovate, upgrade, and maintain existing State facilities.

Attachment 5 provides a summary of each agency's capital funding for FY 02 and FY 03. Attachment 6 provides details of each agency's significant capital projects.

Executive Appropriation Ceiling and State Aggregate Expenditure Ceiling

Funding for emergency program requirements in Felix-consent decree, health, human services, and other State programs, will result in the appropriation ceiling for the Executive Branch to be exceeded in FY 01 by \$123 million or 3.8%. Executive Branch appropriations for both fiscal years 2002 and 2003 will also be exceeded by \$113 million (or 3.3%) and \$.2 million (or .01%), respectively, because of continued funding requirements for Felix-related costs, health and human services expenses, and other program funding.

Additional program costs resulting from any collective bargaining agreements which may become effective during the biennium are not reflected in the estimates. The estimated expenses of the Office of Hawaiian Affairs, the Judiciary, and the Legislature are included in our financial plan, but details of those expenditures must be submitted by the respective office and branches.

At the aggregate level, total proposed general fund appropriations for fiscal years 2002, and 2003 for all estimated costs of State government are within the limit established by the State aggregate expenditure ceiling.

Six-Year Financial Plan and Rebate Requirement

As required by law, the Governor's biennium budget must be accompanied by a balanced six-year program and financial plan (Attachment 2). At this time, there is no anticipated need for the administration to submit proposals to raise additional revenues.

The budget and financial plan were reviewed and prepared based on the Council on Revenues' September 2000 projections. Last week, the Council increased their projections each year from FY 2002 through FY 2007.

The State Constitution also provides for a mandatory tax refund or credit if the general fund balances at the close of two successive fiscal years exceed 5% of general fund revenues for each of those two fiscal years. Because both FY 2000 and FY 1999 fund balances exceeded 5% of the general fund revenues, the 2001 Legislature will need to provide for a tax refund or tax credit for the 2001 tax year.

Attachments 1, 2, 3, 4, 5

FB 2002-03 BUDGET MATERIALS

The attached set of materials includes the following budget materials:

1. Governor's Budget Message (white)

The message, which will be included in the budget documents to be transmitted to the Legislature on December 18, highlights the Governor's philosophy and approach to the budget. In addition, the message includes departmental summaries and budget highlights.

2. General Fund Financial Plan (pink)

The plan reflects the general fund impact of the Governor's budget.

3 & 4. Operating Budget Worksheets (blue)

The worksheets reflect the Governor's operating budget for each department. At the bottom of each worksheet are highlights of the operating budget.

5 & 6. Capital Improvement Projects (CIP) Worksheets (yellow)

The worksheets reflect the Governor's CIP budget for each department. At the bottom of each worksheet are highlights of the CIP budget.

EXECUTIVE CHAMBERS
State Capitol
Honolulu, Hawaii 96813

**GOVERNOR'S MESSAGE TO THE TWENTY-FIRST STATE LEGISLATURE OF
HAWAII MEETING IN THE FIRST REGULAR SESSION 2001**

In accordance with provisions of Chapter 37 of the Hawaii Revised Statutes, the Executive Program and Budget recommendations for the Budget Biennium 2002-03 and for the Six-Year Planning Period through FY 2007, are hereby presented for your consideration.

The recommendations contained herein provide for a budget which current economic and social conditions dictate. It is a socially responsive plan, sensitive to the needs of our State, while responsible in its application. It selectively provides support for only priority areas of government, and at levels sustainable by current revenues. It is a spending plan consistent with the present strength of Hawaii's recovering economy, yet mindful of our vulnerability to external economic conditions over which we have no control. It is government's assurance to the citizens of this State of responsibilities recognized, and acknowledged accountability.

Hard Choices and the Budget Challenge

When my administration took office nearly six years ago, the State was regularly spending more each year than it collected in revenues. The scope and cost of State government increased to unprecedented levels, presenting us with the worst fiscal crisis in the history of our State.

My administration took extraordinary measures to regain and maintain a balanced budget, which is required by our State Constitution but, more importantly, is an indicator of sound fiscal management. Toward that end, our first supplemental budget to the 1996 Legislature was notable because it basically identified only reductions to existing appropriations. From that time, we initiated a pattern of cost-saving policies including mandatory savings, funding cutbacks, reductions in personnel, and workforce stabilization. Proposals for policy changes were also initiated to effectuate long-term structural changes in government and to reform our civil service system, in

order to ensure that government services would become more consistently manageable and affordable. Under any circumstance, the task of downsizing government operations and its costs would be difficult, but more so during lean years, since government has many "fixed costs" over which we have no choice but to fund because these are costs mandated by either federal or State laws, settlements ordered by the courts, or conditions of contractual agreements. These "fixed costs," which include State debt obligations, employer contributions for fringe benefits, public assistance payments, court-mandated expenditures, and health and public safety costs, together with the cost of lower education and the University of Hawaii, total over 80% of our general fund expenditures.

It is a simple equation, yet it is at the root of our dilemma. With only 20% available for the rest of State government programs and their operations, there is very little discretion to accommodate any program emergencies, workload increases, or other unanticipated needs without requiring commensurate cutbacks or deferred funding in other government services.

Our circumstances have left little room for any significant funding commitments, including increases for other government programs of lesser priority. For the last five years, we have been able to afford additional funding only for unavoidable expenditures such as legal mandates, health and safety emergencies, and unmanageable workload increases. And these could be accommodated only because corresponding funding reductions were made in other areas of government.

Indeed, even funding for public assistance, health, corrections, and higher education, had to be either deferred or drastically reduced over the last five years, despite steady increases in those programs' responsibilities. Statewide funding for infrastructure needs, repairs and maintenance of schools, hospitals, and government facilities had to be postponed as well, with freed-up funding allocated to areas of higher priority or greater urgency. It was a decade of austerity marked by repeated and cumulative reductions to government programs and services. Through it all, it was endured by our citizens in anticipation of better times.

Economic Recovery, Competing Interests, and Government Priorities

For the first time in nearly a decade, September 2000 estimates by the Council on Revenues showed clear signs of economic

recovery; and that is good news. However, while revenues have increased, the availability of a general fund "windfall" is illusory.

After accommodating "fixed cost" obligations, and providing funding for lower and higher education, we must still recognize and accommodate other pressing State priorities which have heretofore been neglected, to the detriment of the social and economic well being of the State.

- Legal settlements and continuing increases in court-mandated obligations must be addressed and accommodated to avoid contempt and other penalties, but mainly to ensure that proper care and services are provided to the entitled. In FY 01, we will be proposing additional emergency funding of \$107 million for Felix Consent Decree-related requirements, which is in addition to \$258 million already appropriated for that purpose. For FB 2002-03, funding for Felix-related requirements over the biennium totals about \$719 million, and is expected to increase as new cases are identified.
- We can no longer delay the upgrading of information technology in our State which is seriously lagging, both in State operating systems, and as instructional tools in our schools. FB 2002-03 funding for statewide information technology over the biennium will cost a minimum of \$49 million. Further, \$27.5 million will be invested in schools during the biennium to provide for additional computers and related costs.

In competition for the same revenue dollars, will be the wage proposals of the State's various unions. Additional program costs of collective bargaining agreements which may require implementation during the biennium, are not included in our FB 2002-03 funding estimates. However, should such requirements become a funding factor, those costs are certain to have a significant impact on both the finances, and the program priorities of this State. Given the State's legal obligations and priority program requirements for FB 2002-03, we would be hard-pressed to afford funding any such costs unless commensurate cuts were made to current State programs.

Government's Commitment to Economic Stability

For FB 2002-03, our proposed budget will continue to use public resources in ways which benefit the majority of citizens in this

State. Our recommendations emphasize greater support of selected program areas and projects that will maintain and enhance the economic vitality of our State, ensure the social stability of our people, and provide momentum and incentives for private, as well as public, economic incentives.

Toward these ends, our operating and capital budgets reflect priority funding for programs and projects that enhance our investments in human and social capital, such as education, information technology, health, economic development, and public safety. Building and maintenance of infrastructure, public facilities, parks, recreational and cultural facilities, are examples of infrastructure and facility investments, also deemed priorities.

To effectuate the State's biennium plans for capital funding, we have increased our general obligation bond funding commitment from \$400 million to \$1.0 billion. The increase in issuance size represents a conscious policy direction to ensure that sufficient funds will be available to implement projects necessary to complement capital needs of priority operating programs. It is also purposeful in its intent to ensure that sufficient funding be made available to facilitate not only completion, but accelerated completion.

Our commitment will allow the State to accelerate FB 2002-03 construction of basic infrastructure in our high priority areas of public schools, the University of Hawaii system, economic development, prisons, hospitals, public libraries, and Hawaiian Home lands. Expanded bond financing will also allow uninterrupted implementation of much needed statewide repairs and maintenance of public school facilities and University facilities, construction of a new medical school facility and aquarium at Kakaako, construction of a new Information and Technology Services facility at the University, park improvements and numerous other economic development projects.

By these actions, we are confident that economic opportunities will be enhanced over the short term with the infusion of government expenditures, and significantly revitalized over the long term by a population made more competitive and productive by better education opportunities, and improved services.

For the 2002-03 Biennium, I am recommending a total budget of \$16,273 million. Of this amount, the sum of \$14,812 million represents operating costs; and \$1,461 million represents capital investment costs.

The recommended budget by fiscal years and by cost categories is summarized below:

<u>Cost Category</u>	<u>FY 2002</u>	<u>FY 2003</u>
(All funds)	(in millions)	
Operating Costs	\$7,278.1	\$7,534.1
Capital Investment Costs	<u>705.9</u>	<u>755.0</u>
Totals:	\$7,984.0	\$8,289.1

Operating Costs

Total requirements to cover operating costs of the recommended budget in the next biennium amount to \$7,278.1 million in FY 02 and \$7,534.1 million in FY 03. These are to be financed as indicated below.

<u>Cost Category</u>	<u>FY 2002</u>	<u>FY 2003</u>
	(in millions)	
General Funds	\$3,560.9	\$3,732.2
Special Funds	1,388.3	1,367.7
Federal Funds	1,061.8	1,075.8
Other Funds	<u>1,267.1</u>	<u>1,358.4</u>
Totals:	\$7,278.1	\$7,534.1

Summarized below are the operating budget recommendations by major program areas.

<u>Major Program Area</u>	<u>FY 2002</u>	<u>FY 2003</u>
	(in millions)	
Economic Development	\$ 173.0	\$ 173.6
Employment	304.6	304.6
Transportation Facilities	502.3	508.5
Environmental Protection	143.6	143.5
Health	778.5	787.1
Social Services	1,327.9	1,353.3
Formal Education	2,184.8	2,200.9
Culture and Recreation	48.2	48.2
Public Safety	186.7	185.7
Individual Rights	51.3	49.7
Government-Wide Support	<u>1,577.2</u>	<u>1,779.0</u>
Totals:	\$7,278.1	\$7,534.1

Capital Investment Costs

Total requirements for capital projects in the biennium amount to \$705.9 million in FY 02 and \$755.0 million in FY 03. The means of financing the projects are shown below:

	<u>FY 2002</u>	<u>FY 2003</u>
	(in millions)	
Federal Funds	\$124.5	\$ 64.0
General Obligation Bonds	345.7	514.6
Reimbursable GO Bonds	1.3	4.6
Revenue Bonds	62.6	58.2
Special Funds	154.6	93.6
Private Contributions	7.4	20.0
Revolving Funds	<u>9.8</u>	<u>.....</u>
Totals:	\$705.9	\$755.0

Summarized below are the capital investment recommendations by major program areas.

<u>Major Program Area</u>	<u>FY 2002</u>	<u>FY 2003</u>
	(in millions)	
Economic Development	\$ 32.3	\$ 92.0
Employment
Transportation Facilities	216.9	104.4
Environmental Protection	37.8	29.6
Health	11.3	11.3
Social Services	26.2	26.7
Formal Education	237.9	360.6
Culture and Recreation	18.4	18.3
Public Safety	6.4	14.4
Individual Rights	.3
Government-Wide Support	<u>118.4*</u>	<u>97.7*</u>
Totals:	\$705.9	\$755.0

* Includes \$45 M which will be transferred to the Educational Facilities Improvement Special Fund.

Operating Highlights

The recommended operating budget includes additional funds for the following priority areas (unless otherwise noted, all costs are over the biennium and the funding source is the general fund).

Felix Consent Decree Requirements

- \$86.6 M in Department of Education, \$106.9 M in Department of Health and \$3.4 M in Department of Human Services to meet court-ordered and consent decree requirements to provide mental health and special education services to eligible children

Department of Education

- \$27.5 M in FY 02 for computers, training and infrastructure expenses to reduce the student to computer ratio from 6:1 to 4:1
- \$20 M for the priority needs of schools

- \$8.3 M for staff and operating costs for new school facilities
- \$6.2 M for salary adjustments
- \$3.1 M for staff and books at Kapolei Public Library

University of Hawaii

- \$10 M for priority needs of the University of Hawaii
- \$2 M for the Department of Information and Computer Sciences initiative at the University of Hawaii at Manoa campus

Department of Human Services

- \$34.6 M for prescription drug cost increases for Medicaid program
- \$13.3 M for board and board-related payments for children in foster care
- \$4.4 M for Medicaid waiver programs including Nursing Home Without Walls and Residential Alternative Community Care
- \$124.2 M in federal funds for Medicaid-related program increases and adjustment due to increase in federal reimbursement rate

Department of Health

- \$23.4 M to increase the availability of waiver services for disabled individuals and decrease the waitlist pursuant to the requirements of the Makin settlement
- \$22.6 M for Department of Justice settlement costs to establish community-based services for individuals diverted or discharged from Hawaii State Hospital
- \$8.8 M for substance abuse services for the adult criminal population
- \$20 M to subsidize the Hawaii Hospital Systems Corporation

- \$90 M in special funds for the Tobacco Settlement Special Fund
- \$97.4 M in revolving funds for water pollution control and drinking water treatment loans

Statewide Debt Service and Entitlement Requirements

- \$550 M for debt service on general obligation bonds, property insurance, and retirement and health fund employer contributions for state employees

Statewide Information Technology

- \$49 M for information technology improvements in State agency programs and operations

Department of Labor and Industrial Relations

- \$21.9 M in federal funds for an anticipated grant from the U.S. Department of Labor to implement the Workforce Investment Act

Department of Transportation

- \$20.1 M in special funds for increased special maintenance projects statewide

Department of Public Safety

- \$8.8 M for increased expenses for out-of-state inmates due to new contract
- \$13.2 M to lease federal bed space at new federal prison on Oahu to relieve overcrowding

Department of Budget and Finance

- \$2.9 M in FY 03 to pay for the vacation credits of cabinet members and other appointed officials of the outgoing Administration
- \$1.5 M for arbitration payments

Department of Business, Economic Development and Tourism

- \$1.2 M to market and promote Hawaii as a place to do business in the "new economy" and to attract high technology development; \$1.6 M in special funds in FY 02 to conduct study on carrying capacity of Hawaii for tourism and visitor research surveys; and \$.2 M in special funds in FY 03 for additional visitor research surveys to supplement existing surveys
- \$1.8 M to provide support for homeless persons

Department of Accounting and General Services

- \$1.8 M for custodial, grounds, and maintenance costs of the No. 1 Capitol District and the Oahu Railroad and Land buildings
- \$1.7 M for increased electricity costs due the rising cost of oil

Department of Land and Natural Resources

- \$.7 M to the Commission on Water Resources Management to carry out responsibilities mandated by the Hawaii Supreme Court ruling on the appeal of the Waiahole Ditch Contested Case Hearing
- \$500,000 for lifeguard services at Ke`e Beach on Kauai
- \$213,039 for a State Drought Coordinator position and funding for the drought mitigation program
- \$7.5 M increase to the Boating Special Fund expenditure ceiling

Department of the Attorney General

- \$1.1 M to enhance legal services
- \$2.1 M in federal grant funds to fight crime

- \$1.2 M in federal funds to establish a customer service unit (with \$.5 M in matching general funds) and to maintain the KEIKI information system at the Child Support Enforcement Agency

Office of the Lieutenant Governor

- \$410,780 in FY 02 to complete the work of the Reapportionment Commission; and \$712,902 to the Office of Elections for voter education and other enhancements for the elections program

Department of Commerce and Consumer Affairs

- \$453,000 in special funds for an integrated computer system and upgrades for the Financial Institutions Division

Department of Human Resources Development

- \$192,000 to continue Act 253, SLH 2000, funding for the Resource for Employee Assistance and Counseling Help (REACH) Program and \$600,000 in special funds for frontline leadership training for managers and supervisors

CIP Highlights

The recommended CIP budget includes the following priority projects that are to be funded by general obligation bond funds (unless otherwise noted, all costs are over the biennium):

Department of Education

- \$100 M for capital improvement projects to bring existing schools up to standards, including electrical upgrades, heat and noise abatement, telecommunications, and health and safety improvements
- \$90 M to be deposited into the State Education Facilities Improvement Special Fund for various statewide school projects
- \$100 M for repairs and maintenance to school facilities statewide
- \$12 M for the Kapolei Public Library, Phase II

- \$7 M for various health and safety improvements at public libraries statewide

University of Hawaii

- \$141 M for a new University of Hawaii Medical School Facility
- \$40 M for University facilities improvements (R&M) system-wide
- \$20.4 M for a new Information and Technology Services building at the University of Hawaii at Manoa Campus
- \$6.3 M to renovate Gartley Hall at the University of Hawaii at Manoa Campus
- \$24 M for various health, safety, and accessibility requirements and system-wide infrastructure improvements at University of Hawaii
- \$2.4 M for University of Hawaii Pacific Aerospace Training Center
- \$3.4 M for Leeward Community College food service program

Hawaiian Home Lands

- \$60 M for deposit into the Hawaiian Home Lands Trust Fund to develop sites and construct homes

Department of Business, Economic Development and Tourism

- \$30 M in general obligation bond funds, \$20 M in revenue bond funds, and \$20 M in private funds for an aquarium in Kakaako
- \$4.6 M for Natural Energy Laboratory, Hawaii, to develop an onshore seawater distribution system, and other infrastructure upgrades for the Laboratory and HOST Park area
- \$10 M in FY 03 to leverage federal funding to renovate Kuhio Park Terrace

Department of Land and Natural Resources

- \$10.8 M for Waimanalo Wastewater Treatment Plant improvements to correct deficiencies
- \$28.2 M for accessibility and other improvements in various State parks
- \$12.4 M for various well development and monitor well projects
- \$3.3 M for Kuhio Beach improvements
- \$.6 M for two Lahaina cruise ship projects in the Boating Program

Department of Health

- \$12.5 M to subsidize renovation/improvement projects at various community hospitals
- \$6.5 M for a children's residential facility for the juvenile sex offender program

Department of Public Safety

- \$12.5 M for Maui Community Correctional Center 100 bed expansion and renovation
- \$4 M for transition housing for female offenders statewide

Department of Agriculture

- \$4.2 M to construct a new Plant Quarantine building

Significant Department of Transportation non-general obligation bond funded projects include:

- \$87.7 M in special funds, \$20.5 M in federal funds, and \$1 M in private funds for various airport improvement projects, statewide, including \$7.5 M Honolulu International Airport, Overseas Terminal Concession Improvements; \$4.3 M Kalaeloa Airport Improvements; \$4.6 M Honolulu International Airport Ticket Lobby Canopies; \$17.5 M Hilo International Airport Hold Cargo Building;

\$13.8 M Lihue Airport General Aviation Apron; and \$9.9 M Honolulu International Airport Elliott Street Maintenance Facility Site Preparation and Apron.

- \$57.7 M in highway revenue bonds, \$6.2 M in special funds, and \$61.1 M in federal funds for various highway improvement projects statewide, including \$5 M Farrington Highway Improvements, Nanakuli to Makaha; \$23.4 M replacement or seismic retrofit of various bridges; \$2 M Keaau-Pahoa Road Improvements; \$5.6 M Saddle Road Improvements; \$2 M Kuakini Highway Widening Henry Street to Kamehameha III Road; \$10 M Kaunualii Highway Improvements Lihue to West of Maluhia; and \$2.6 M Kamehameha Highway-Kahekili Highway Intersection Improvements.
- \$53.2 M in special funds and \$34 M in harbor revenue bonds for various harbors improvement projects, statewide, including \$33.2 M for container yard improvements; and \$28.5 M for cruise ship terminal improvements.

Recommendations included in the Executive Budget request have been made in accordance with the constitutionally mandated appropriation ceiling for the Executive Branch. Funding for projected emergency program requirements in Felix-consent Decree, health, human services, and other state programs, will result in the appropriation ceiling for the Executive Branch being exceeded by approximately \$123 million (or 3.8%) in FY 01. Executive Branch appropriations for both fiscal years 2002 and 2003 will also be exceeded by \$113 million (or 3.3%) and \$.2 million (or .01%), respectively, because of continued funding requirements for Felix-related costs, health and human services expenses, and other necessary program funding. As noted earlier, additional program costs resulting from any collective bargaining agreements which may become effective during the biennium are not reflected in the estimates. In addition, the expenses of the Judicial and Legislative Branches of government are not included here but must be considered by separate submittal of the respective branches.

At the aggregate level, total proposed general fund appropriations for fiscal years 01, 02, and 03 for all branches of State government are within the limit established by the State aggregate expenditure ceiling, as well as the debt limit.

As provided by law, this biennium budget submission is accompanied by recommendations for a proposed six-year program and financial plan. Within this planning period, no deficiency

may occur without a contingency proposal for raising adequate revenues. At this time, there is no requirement for proposals to raise additional revenues.

The path we have chosen has been a consistent theme of my administration. We have always been guided by the principle that the measure of an effective budget is the manner in which it reconciles social objectives with economic realities. Yet I also believe that in the days ahead, there will be many complex issues to be resolved and many difficult decisions to be made in our reconciliation of those objectives.

I look forward to the process of working with you to fulfill the obligations of leadership with which we have been entrusted.

MULTI-YEAR FINANCIAL SUMMARY
GENERAL FUND
FISCAL YEARS 00 - 07
(in millions of dollars)

	Actual <u>FY 00</u>	Estimated <u>FY 01</u>	Estimated <u>FY 02</u>	Estimated <u>FY 03</u>	Estimated <u>FY 04</u>	Estimated <u>FY 05</u>	Estimated <u>FY 06</u>	Estimated <u>FY 07</u>
REVENUES:								
Executive Branch:								
Tax Revenues	2,964.9	3,134.0	3,299.3	3,462.7	3,642.3	3,826.0	4,020.2	4,222.8
Nontax Revenues	291.6	263.5	209.8	210.4	209.9	211.0	227.2	229.4
Judicial Branch Revenues	27.6	29.8	30.0	30.1	30.3	30.4	30.6	30.7
Other		5.0	(20.7)	(21.9)	(32.0)	(34.3)	(34.3)	(34.3)
TOTAL REVENUES	3,284.1	3,432.3	3,518.4	3,681.3	3,850.5	4,033.1	4,243.7	4,448.6
EXPENDITURES:								
Executive Branch:								
Operating	2,984.0	3,225.7	3,521.0	3,692.4	3,625.0	3,694.8	3,757.8	3,829.5
Specific Appropriations	111.2	62.0	8.1	8.1	8.1	8.1	8.1	8.1
Sub-total	3,095.2	3,287.7	3,529.1	3,700.5	3,633.1	3,702.9	3,765.9	3,837.6
Legislative Branch	21.8	22.7	22.7	22.9	23.1	23.3	23.3	23.3
Judicial Branch	95.1	98.1	101.5	101.7	103.5	105.4	107.3	109.4
OHA	2.5	2.5	2.5	2.6	2.6	2.6	2.6	2.6
Lapses	(13.6)	-	-	-	-	-	-	-
TOTAL EXPENDITURES	3,201.0	3,411.0	3,655.8	3,827.7	3,762.3	3,834.2	3,899.1	3,972.9
REVENUES OVER EXPEND.	83.1	21.3	(137.4)	(146.4)	88.2	198.9	344.6	475.7
CARRY-OVER BALANCE (DEFICIT)								
Beginning	189.0	272.1	293.4	156.0	9.6	97.8	296.7	641.3
Ending	272.1	293.4	156.0	9.6	97.8	296.7	641.3	1,117.0

MULTI-YEAR FINANCIAL SUMMARY
GENERAL FUND
FISCAL YEARS 00 - 07
(in millions of dollars)

	Actual <u>FY 00</u>	Estimated <u>FY 01</u>	Estimated <u>FY 02</u>	Estimated <u>FY 03</u>	Estimated <u>FY 04</u>	Estimated <u>FY 05</u>	Estimated <u>FY 06</u>	Estimated <u>FY 07</u>
REVENUES:								
Executive Branch:								
Tax Revenues	2,964.9	3,134.0	3,299.3	3,462.7	3,642.3	3,826.0	4,020.2	4,222.8
Nontax Revenues	291.6	263.5	209.8	210.4	209.9	211.0	227.2	229.4
Judicial Branch Revenues	27.6	29.8	30.0	30.1	30.3	30.4	30.6	30.7
Other		5.0	(20.7)	(21.9)	(32.0)	(34.3)	(34.3)	(34.3)
TOTAL REVENUES	3,284.1	3,432.3	3,518.4	3,681.3	3,850.5	4,033.1	4,243.7	4,448.6
EXPENDITURES:								
Executive Branch:								
Operating	2,984.0	3,225.7	3,521.0	3,692.4	3,625.0	3,694.8	3,757.8	3,829.5
Specific Appropriations	111.2	62.0	8.1	8.1	8.1	8.1	8.1	8.1
Sub-total	3,095.2	3,287.7	3,529.1	3,700.5	3,633.1	3,702.9	3,765.9	3,837.6
Legislative Branch	21.8	22.7	22.7	22.9	23.1	23.3	23.3	23.3
Judicial Branch	95.1	98.1	101.5	101.7	103.5	105.4	107.3	109.4
OHA	2.5	2.5	2.5	2.6	2.6	2.6	2.6	2.6
Lapses	(13.6)	-	-	-	-	-	-	-
TOTAL EXPENDITURES	3,201.0	3,411.0	3,655.8	3,827.7	3,762.3	3,834.2	3,899.1	3,972.9
REVENUES OVER EXPEND.	83.1	21.3	(137.4)	(146.4)	88.2	198.9	344.6	475.7
CARRY-OVER BALANCE (DEFICIT)								
Beginning	189.0	272.1	293.4	156.0	9.6	97.8	296.7	641.3
Ending	272.1	293.4	156.0	9.6	97.8	296.7	641.3	1,117.0

**Summary of Operating Request
Fiscal Biennium 2002-03 - All Funds**

	<u>FY 01 Allocation</u>	<u>Recommended FY 02 Appropriations</u>	<u>% of Total</u>	<u>Recommended FY 03 Appropriations</u>	<u>% of Total</u>
	939.50	950.50		950.50	
Accounting and General Services	124,041,930	129,391,973	1.8%	127,959,352	1.7%
	329.50	324.50		324.50	
Agriculture	26,765,875	26,903,853	0.4%	26,775,263	0.4%
	480.00	520.30		520.30	
Attorney General	65,924,468	66,420,147	0.9%	66,311,135	0.9%
	269.00	270.00		270.00	
Budget and Finance	1,156,808,305	1,374,347,041	18.9%	1,575,378,903	20.9%
	483.00	484.00		484.00	
Business, Economic Dev & Tourism	228,997,585	260,283,113	3.6%	259,235,113	3.4%
	317.00	325.00		325.00	
Commerce and Consumer Affairs	33,399,272	34,088,431	0.5%	32,546,843	0.4%
	175.00	203.50		203.50	
Defense	15,138,485	17,056,985	0.2%	16,793,296	0.2%
	18,643.10	18,719.10		18,787.10	
Education	1,262,945,237	1,468,510,098	20.2%	1,469,469,295	19.5%
	519.05	543.05		543.05	
Public Libraries	25,250,892	28,665,228	0.4%	28,950,892	0.4%
	39.00	74.20		76.20	
Governor	3,453,172	28,869,800	0.4%	27,963,159	0.4%
	118.00	118.00		118.00	
Hawaiian Home Lands	7,373,104	7,373,104	0.1%	7,373,104	0.1%
	6,007.75	5,983.00		5,983.00	
Health	751,257,418	911,148,015	12.5%	919,717,950	12.2%
	122.00	123.00		123.00	
Human Resources Development	18,504,679	18,751,679	0.3%	18,979,019	0.3%
	1,863.50	1,932.50		1,986.50	
Human Services	1,075,441,108	1,193,618,917	16.4%	1,218,922,716	16.2%
	725.43	727.59		727.59	
Labor and Industrial Relations	281,935,898	290,171,820	4.0%	290,162,919	3.9%
	725.00	732.00		732.00	
Land and Natural Resources	58,828,973	67,344,687	0.9%	67,630,417	0.9%
	19.00	19.00		19.00	
Lieutenant Governor	8,913,470	4,694,204	0.1%	8,332,513	0.1%
	2,551.03	2,566.03		2,566.03	
Public Safety	151,830,168	165,262,788	2.3%	164,649,421	2.2%
	343.00	343.00		343.00	
Taxation	17,160,135	17,260,135	0.2%	17,160,135	0.2%
	2,262.75	2,262.75		2,262.75	
Transportation	487,144,930	502,279,675	6.9%	508,497,921	6.7%
	6,286.50	6,289.00		6,289.00	
University of Hawaii	624,269,396	665,673,090	9.1%	681,282,104	9.0%
	43,218.11	43,510.02		43,634.02	
TOTAL REQUIREMENTS	6,425,384,500	7,278,114,783	100.0%	7,534,091,470	100.0%

**Summary of Operating Request
Fiscal Biennium 2002-03 - All Funds**

	<u>FY 01 Allocation</u>	<u>Recommended FY 02 Appropriations</u>	<u>% of Total</u>	<u>Recommended FY 03 Appropriations</u>	<u>% of Total</u>
General Funds	33,558.16 3,142,268,703 6,822.95	33,764.13 3,560,971,801 6,856.95	48.9%	33,862.13 3,732,236,594 6,856.95	49.5%
Special Funds	1,288,787,085 2,058.38	1,388,292,701 2,125.16	19.1%	1,367,666,361 2,151.16	18.2%
Other Federal Funds	929,233,523	1,061,772,048	14.6%	1,075,771,069	14.3%
Private Contributions	0	122,500	0.0%	122,500	0.0%
County Funds	200,000 21.94	200,000 21.94	0.0%	200,000 21.94	0.0%
Trust Funds	417,755,788 115.53	438,092,829 118.19	6.0%	484,033,749 118.19	6.4%
Interdepartmental Transfer	386,199,944 585.15	521,922,737 568.65	7.2%	564,930,395 568.65	7.5%
Revolving Funds	250,635,778 56.00	300,465,593 55.00	4.1%	302,539,808 55.00	4.0%
Other Funds	10,303,679	6,274,574	0.1%	6,590,994	0.1%
	43,218.11	43,510.02		43,634.02	
TOTAL REQUIREMENTS	6,425,384,500	7,278,114,783	100.0%	7,534,091,470	100.0%

**Summary of Operating Request
Fiscal Biennium 2002-03 - General Funds Only**

	<u>FY 01 Allocation</u>	<u>% of Total</u>	<u>Recommended FY 02 Appropriations</u>	<u>% of Total</u>	<u>Recommended FY 03 Appropriations</u>	<u>% of Total</u>
	817.00		823.00		823.00	
Accounting and General Services	76,008,210	2.4%	80,362,592	2.3%	79,064,071	2.1%
	241.50		241.50		241.50	
Agriculture	12,039,587	0.4%	12,016,651	0.3%	11,901,331	0.3%
	276.13		295.79		295.79	
Attorney General	24,911,830	0.8%	23,421,834	0.7%	23,325,954	0.6%
	170.00		170.00		170.00	
Budget and Finance	417,974,507	13.3%	489,613,615	13.7%	602,382,683	16.1%
	126.75		127.75		127.75	
Business, Economic Dev & Tourism	19,065,547	0.6%	20,268,841	0.6%	20,418,841	0.5%
	0.00		0.00		0.00	0.0%
Commerce and Consumer Affairs	233,594	0.0%	0	0.0%	0	0.0%
	142.55		156.30		156.30	
Defense	7,991,062	0.3%	9,039,993	0.3%	8,776,304	0.2%
	17,917.60		17,993.60		18,061.60	
Education	1,103,437,185	35.1%	1,306,867,046	36.7%	1,308,451,243	35.1%
	519.05		543.05		543.05	
Public Libraries	21,460,648	0.7%	24,674,984	0.7%	24,960,648	0.7%
	39.00		74.20		76.20	
Governor	3,435,893	0.1%	28,869,800	0.8%	27,963,159	0.7%
	33.00		33.00		33.00	
Hawaiian Home Lands	1,359,546	0.0%	1,359,546	0.0%	1,359,546	0.0%
	2,736.35		2,690.60		2,690.60	
Health	337,196,367	10.7%	373,263,946	10.5%	402,862,905	10.8%
	122.00		123.00		123.00	
Human Resources Development	13,435,398	0.4%	13,535,398	0.4%	13,599,398	0.4%
	1,113.46		1,168.57		1,196.57	
Human Services	512,576,229	16.3%	536,445,088	15.1%	553,666,831	14.8%
	256.15		256.15		256.15	
Labor and Industrial Relations	17,309,137	0.6%	16,009,137	0.4%	16,009,137	0.4%
	515.25		520.25		520.25	
Land and Natural Resources	25,775,422	0.8%	26,673,779	0.7%	26,649,509	0.7%
	15.00		15.00		15.00	
Lieutenant Governor	4,498,660	0.1%	4,308,082	0.1%	3,917,703	0.1%
	2,489.03		2,504.03		2,504.03	
Public Safety	134,628,527	4.3%	147,976,439	4.2%	147,356,072	3.9%
	343.00		343.00		343.00	
Taxation	17,160,135	0.5%	17,260,135	0.5%	17,160,135	0.5%
	0.00		0.00		0.00	
Transportation	0	0.0%	0	0.0%	0	0.0%
	5,685.34		5,685.34		5,685.34	
University of Hawaii	391,771,219	12.5%	429,004,895	12.0%	442,411,124	11.9%
	33,558.16		33,764.13		33,862.13	
TOTAL REQUIREMENTS	3,142,268,703	100.0%	3,560,971,801	100.0%	3,732,236,594	100.0%

**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
(Operating Budget)**

		FY 01	Recommended	Recommended
		<u>Allocation</u>	<u>FY 02</u>	<u>FY 03</u>
			<u>Appropriations</u>	<u>Appropriations</u>
Funding Sources:				
	Positions	817.00	823.00	823.00
General Fund	\$	76,008,210	80,362,592	79,064,071
		47.50	48.50	48.50
Special Funds		10,200,736	10,295,236	10,200,736
Federal Funds		788,787	738,787	738,787
		34.00	34.00	34.00
Interdepartmental Transfers		9,262,770	8,012,770	8,012,770
		41.00	45.00	45.00
Other Funds				
		939.50	950.50	950.50
Total Requirements		124,041,930	129,391,973	127,959,352

Highlights of operating budget:

1. Provides general funds of \$922,248 in FY 02 and \$878,028 in FY 03 for custodial, grounds, and maintenance costs of the No.1 Capitol District and the Oahu Railroad and Land buildings.
2. Provides general funds of \$1,144,000 in FY 02 and \$572,000 in FY 03 for increased electricity costs of public buildings due to the rising cost of oil.
3. Provides \$806,621 in general funds each year for risk management costs to cover increases in property insurance premiums.
4. Transfers general funds of \$510,693 in FY 02 and \$516,216 in FY 03 from Department of Health to Department of Accounting and General Services to consolidate leasing functions.
5. Provides general funds of \$785,820 in FY 02 and \$97,996 in FY 03 for baseyard leases for Maui and Hawaii.
6. Increases revolving fund expenditure ceiling by \$1.3 million over the biennium to replace motor pool vehicles over ten years old.
7. Increases revolving fund expenditure ceiling by \$400,000 to purchase federal surplus vehicles.

**DEPARTMENT OF AGRICULTURE
(Operating Budget)**

		<u>FY 01</u>	<u>Recommended</u>	<u>Recommended</u>
		<u>Allocation</u>	<u>FY 02</u>	<u>FY 03</u>
			<u>Appropriations</u>	<u>Appropriations</u>
Funding Sources:				
	Positions	241.50	241.50	241.50
General Fund	\$	12,039,587	12,016,651	11,901,331
		64.50	59.50	59.50
Special Funds		4,337,303	4,351,287	4,293,987
Federal Funds		820,352	835,352	853,352
Trust Funds		738,000	663,600	663,600
		1.00	1.00	1.00
Interdepartmental Transfers		479,646	453,646	453,646
		22.50	22.50	22.50
Revolving Funds		8,350,987	8,583,317	8,609,347
		<hr/>		
		329.50	324.50	324.50
Total Requirements		26,765,875	26,903,853	26,775,263
		<hr/> <hr/>		

Highlights of operating budget:

1. Provides \$146,904 in general funds over the biennium for Kahului airport lease payments.

**DEPARTMENT OF ATTORNEY GENERAL
(Operating Budget)**

		<u>FY 01</u>	<u>Recommended</u>	<u>Recommended</u>
		<u>Allocation</u>	<u>FY 02</u>	<u>FY 03</u>
			<u>Appropriations</u>	<u>Appropriations</u>
Funding Sources:				
	Positions	276.13	295.79	295.79
General Fund	\$	24,911,830	23,421,834	23,325,954
		4.00	4.00	4.00
Special Funds		488,894	488,894	488,894
		137.40	155.88	155.88
Federal Funds		23,042,332	24,720,465	24,707,333
		13.94	13.94	13.94
Trust Funds		6,544,087	6,563,885	6,563,885
		34.53	36.69	36.69
Interdepartmental Transfers		5,767,955	6,255,328	6,255,328
		14.00	14.00	14.00
Revolving Funds		5,169,370	4,969,741	4,969,741
		480.00	520.30	520.30
Total Requirements		65,924,468	66,420,147	66,311,135

Highlights of operating budget request:

1. Provides 6.00 additional positions (2 deputy attorneys general, 2 legal assistants, and 2 clerk typists) and \$248,288 in FY 02 and \$222,248 in FY 03 in general funds to handle complex tort litigation cases.
2. Provides 3.00 additional positions (1.50 general funded and .50 interdepartmental funded) and \$160,874 (\$127,236 general funds and \$33,638 interdepartmental funds) in FY 02 and \$147,854 (\$114,216 general funds and \$33,638 interdepartmental funds) in FY 03 to address increased workload in Family Law Division.
3. Provides 23 positions (7.82 general funded and 15.18 federal funded) and \$722,440 (\$245,629 general funds and \$476,811 federal funds) in FY 02 and \$678,638 (\$230,737 general funds and \$447,901 federal funds) in FY 03 to establish a customer service unit in the Child Support Enforcement Agency.
4. Provides 3.30 federal funded positions and \$115,305 in FY 02 and \$131,083 in FY 03 in federal funds to maintain the KEIKI information system at the Child Support Enforcement Agency.

**DEPARTMENT OF BUDGET AND FINANCE
(Operating Budget)**

		<u>FY 01</u>	<u>Recommended</u>	<u>Recommended</u>
		<u>Allocation</u>	<u>FY 02</u>	<u>FY 03</u>
			<u>Appropriations</u>	<u>Appropriations</u>
Funding Sources:				
General Fund	Positions	170.00	170.00	170.00
	\$	417,974,507	489,613,615	602,382,683
Special Funds		44.00	44.00	44.00
		6,065,370	6,065,370	6,065,370
Federal Funds		2,940		
Trust Funds		389,988,600	413,158,182	456,058,182
Interdepartmental Transfers*		-	1.00	1.00
		333,417,026	459,978,280	505,024,654
Other Funds		55.00	55.00	55.00
		9,359,862	5,531,594	5,848,014
		269.00	270.00	270.00
Total Requirements		1,156,808,305	1,374,347,041	1,575,378,903

* Interdepartmental transfers are non-add accounting mechanisms to show movement of budgeted funds for fringe benefits and debt service expenses between Formal Education (University of Hawaii and Department of Education) and the Department of Budget and Finance.

Highlights of operating budget request:

1. Provides \$28,400,631 in general funds over the biennium for debt service expenses.
2. Provides \$221,799,146 in general funds over the biennium for fringe benefits.
3. Provides \$2,933,682 in general funds in FY 03 for payment of vacation credits for cabinet members and other appointed officials for the outgoing Administration.
4. Provides \$1,545,612 in general funds in FY 03 for arbitrage payment to the U.S. Treasury due to excess interest earnings from investment of general obligation bond proceeds.
5. Provides \$24,354,200 in trust funds in FY 02 and \$69,354,200 in FY 03 for increased health fund premium expenses.
6. Provides \$2,100,000 in trust funds in FY 02 for Phase III of the Health Fund's new computer system.

**DEPARTMENT OF BUSINESS DEVELOPMENT & TOURISM
(Operating Budget)**

		<u>FY 01</u>	<u>Recommended</u>	<u>Recommended</u>
		<u>Allocation</u>	<u>FY 02</u>	<u>FY 03</u>
			<u>Appropriations</u>	<u>Appropriations</u>
Funding Sources:				
General Fund	Positions	126.75	127.75	127.75
	\$	19,065,547	20,268,841	20,418,841
Special Funds		34.50	34.50	34.50
		114,761,921	115,728,544	114,530,544
Federal Funds		251.75	253.75	253.75
		67,063,304	95,944,326	95,944,326
Trust Funds		6,653,827	6,653,827	6,653,827
Revolving Funds		70.00	68.00	68.00
		21,452,986	21,687,575	21,687,575
		483.00	484.00	484.00
Total Requirements		228,997,585	260,283,113	259,235,113

Highlights of operating budget request:

1. Provides \$600,000 in general funds in each year of the biennium to market/promote/attract technology industry businesses to Hawaii.
2. Provides \$150,000 in general funds in FY 03 for financial (grants and loans) and technical assistance to non-profit community-based organizations involved in the Community-Based Economic Development Loan Program.
3. Provides \$900,000 in general funds in each year of the biennium for the Homeless Program to be used for stipend payments to existing and new homeless shelters.
4. Re-establish the Hawaii Convention Center special funds and provide \$39,782,012 in special funds in each year of the biennium for the operation and maintenance of the convention center, and for the payment of debt service.
5. Provides \$1,650,000 in FY 02, and \$200,000 in FY 03 in special funds to conduct visitor research surveys (carrying capacity, expenditure, neighbor island visitors, etc.) for the Hawaii Tourism Authority.
6. Provides \$28,449,763 in federal funds in each year of the biennium for Housing and Community Development Corporation of Hawaii for Section 8 rent subsidy programs, drug elimination grants,

**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
(Operating Budget)**

		<u>FY 01</u>	<u>Recommended</u>	<u>Recommended</u>
		<u>Allocation</u>	<u>FY 02</u>	<u>FY 03</u>
			<u>Appropriations</u>	<u>Appropriations</u>
Funding Sources:				
General Fund	Positions \$	233,594		
		312.00	321.00	321.00
Special Funds		31,533,442	31,406,283	30,852,463
		4.00	4.00	4.00
Trust Funds		1,431,399	2,682,148	1,694,380
		1.00	0.00	0.00
Other Funds		200,837	0	0
		317.00	325.00	325.00
Total Requirements		33,399,272	34,088,431	32,546,843

Highlights of operating budget:

1. Provides \$1,064,607 in FY 02 and \$64,607 in FY 03 in trust funds for insurance refunds, staff training, and consumer education programs.
2. Provides \$326,550 in FY 02 and \$126,550 in FY 03 in special funds for an integrated computer system for the Financial Institutions Division.
3. Provides two financial institutions specialist positions and \$138,095 in FY 02 and \$99,685 in FY 03 in special funds to improve the review and evaluation of federal banking and interstate commerce laws and regulations.
4. Provides two temporary insurance examiner positions and \$94,567 in FY 02 and \$87,027 in FY 03 in special funds to assist in the monitoring and regulation of captive insurance companies.

**DEPARTMENT OF DEFENSE
(Operating Budget)**

		FY 01	Recommended	Recommended
		<u>Allocation</u>	<u>FY 02</u>	<u>FY 03</u>
			<u>Appropriations</u>	<u>Appropriations</u>
Funding Sources:				
	Positions	142.55	156.30	156.30
General Fund	\$	7,991,062	9,039,993	8,776,304
		32.45	47.20	47.20
Federal Funds		7,147,423	8,016,992	8,016,992
		175.00	203.50	203.50
Total Requirements		15,138,485	17,056,985	16,793,296

Highlights of operating budget:

1. Provides \$941,072 in general funds over the biennium for Kalaeloa maintenance costs for the National Guard.

**DEPARTMENT OF EDUCATION
(Operating Budget)**

		<u>FY 01</u>	<u>Recommended</u>	<u>Recommended</u>
		<u>Allocation</u>	<u>FY 02</u>	<u>FY 03</u>
			<u>Appropriations</u>	<u>Appropriations</u>
Funding Sources:				
General Fund	Positions	18,436.65	18,536.65	18,604.65
	\$	1,124,897,833	1,331,542,030	1,333,411,891
Special Funds		720.50	720.50	720.50
		29,325,680	29,325,680	29,325,680
Federal Funds		5.00	5.00	5.00
		124,554,481	125,889,481	125,264,481
Trust Funds		3,410,000	3,410,000	3,410,000
Interdepartmental Transfers		0.00	0.00	0.00
		2,728,135	2,728,135	2,728,135
Revolving Funds		0.00	0.00	0.00
		3,280,000	4,280,000	4,280,000
		19,162.15	19,262.15	19,330.15
Total Requirements		1,288,196,129	1,497,175,326	1,498,420,187

Highlights of operating budget request:

1. Provides \$81,458,937 in general funds over the biennium for debt service expenses.
2. Provides \$137,765,774 in general funds over the biennium for fringe benefits.
3. Provides \$43,253,988 in general funds in both years of the biennium for "Felix" Consent Decree contempt order costs.
4. Transfers \$21,510,474 in general funds in both years of the biennium from the Department of Health for school based mental health services.
5. Provides \$27.5 million in general funds in FY 02 for computers, staff development/training and infrastructure expenses to reduce the student to computer ratio from 6:1 to 4:1.
6. Provides \$20 million in general funds over the biennium for priority needs as determined by DOE.
7. Provides \$8.4 million in general funds over the biennium to cover projected requirements for new schools.
8. Provides \$4.5 million in general funds in FY 02 for textbooks.

**OFFICE OF THE GOVERNOR
(Operating Budget)**

		FY 01	Recommended	Recommended
		<u>Allocation</u>	<u>FY 02</u>	<u>FY 03</u>
			<u>Appropriations</u>	<u>Appropriations</u>
Funding Sources:				
	Positions	39.00	74.20	76.20
General Fund	\$	3,435,893	28,869,800	27,963,159
Federal Funds		17,279		
		39.00	74.20	76.20
Total Requirements		3,453,172	28,869,800	27,963,159

Highlights of operating budget request:

1. Provides 35.20 positions and \$24,944,666 in FY 02 and 37.20 positions and \$23,977,362 in FY 03 in general funds for statewide information technology requests.
2. Provides \$100,000 in each year of the biennium to continue the Special Advisor and Council for Technology Development.

DEPARTMENT OF HAWAIIAN HOME LANDS
(Operating Budget)

		FY 01	Recommended	Recommended
		<u>Allocation</u>	<u>FY 02</u>	<u>FY 03</u>
			<u>Appropriations</u>	<u>Appropriations</u>
Funding Sources:				
	Positions	33.00	33.00	33.00
General Fund	\$	1,359,546	1,359,546	1,359,546
		85.00	85.00	85.00
Special Funds		6,013,558	6,013,558	6,013,558
		<hr/>		
		118.00	118.00	118.00
Total Requirements		7,373,104	7,373,104	7,373,104

Highlights of operating budget:

1. No significant changes

**DEPARTMENT OF HEALTH
(Operating Budget)**

		<u>FY 01 Allocation</u>	<u>Recommended FY 02 Appropriations</u>	<u>Recommended FY 03 Appropriations</u>
Funding Sources:				
General Fund	Positions	2,736.35	2,690.60	2,690.60
	\$	337,196,367	373,263,946	402,862,905
Special Funds		2,897.45	2,897.45	2,897.45
		270,696,791	343,203,078	322,224,718
Federal Funds		312.55	328.55	328.55
		85,934,127	87,730,528	87,694,864
Trust Funds		4,500,000	4,500,000	4,500,000
Interdepartmental Transfers		2.00	3.00	3.00
		2,091,448	2,574,974	2,574,974
Revolving Funds		59.40	63.40	63.40
		50,838,685	99,875,489	99,860,489
Total Requirements		6,007.75	5,983.00	5,983.00
		751,257,418	911,148,015	919,717,950

Highlights of operating budget request:

1. Provides 20.75 positions in each year and \$51,795,262 in FY 02 and \$55,403,648 in FY 03 in general funds to address requirements under the Felix Consent Decree.
2. Provides 3.0 positions in each year and \$9,390,305 in FY 02 and \$13,998,422 in FY 03 in general funds to increase the availability of waiver services for disabled individuals pursuant to the Makin settlement.
3. Provides \$8,171,573 in FY 02 and \$14,471,573 in FY 03 in general funds for Department of Justice settlement costs to establish community-based services for individuals diverted or discharged from Hawaii State Hospital.
4. Provides \$2,000,000 in FY 02 and \$18,000,000 in FY 03 in general funds for the Hawaii Health Systems Corporation.
5. Provides \$4,385,396 in each year in general funds for substance abuse services for the adult criminal justice population.
6. Provides \$56,736,083 in FY 02 and \$32,830,419 in FY 03 for the Tobacco Settlement Special Fund.

**DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
(Operating Budget)**

		<u>FY 01</u>	<u>Recommended</u>	<u>Recommended</u>
		<u>Allocation</u>	<u>FY 02</u>	<u>FY 03</u>
			<u>Appropriations</u>	<u>Appropriations</u>
Funding Sources:				
	Positions	122.00	123.00	123.00
General Fund	\$	13,435,398	13,535,398	13,599,398
Special Funds			230,000	393,340
Interdepartmental Transfers		4,969,281	4,886,281	4,886,281
Revolving Funds		100,000	100,000	100,000
Total Requirements		122.00 18,504,679	123.00 18,751,679	123.00 18,979,019

Highlights of operating budget:

1. Continues funding of \$64,000 in FY 02 and \$128,000 in FY 03 for on-the-job counseling services to State employees to address work performance and work safety problems.
2. Provides special fund authorization for frontline leadership training for managers and supervisors as specified by Act 153, SLH 2000 (FY 02 \$230,000 and FY 03 \$393,340).
3. Transfers one Personnel Management Specialist IV position and \$36,000 in each year of the biennium from the Department of Human Services for the Workers' Compensation program centralization.

**DEPARTMENT OF HUMAN SERVICES
(Operating Budget)**

		<u>FY 01 Allocation</u>	<u>Recommended FY 02 Appropriations</u>	<u>Recommended FY 03 Appropriations</u>
Funding Sources:				
General Fund	Positions \$	1,113.46 512,576,229	1,168.57 536,445,088	1,196.57 553,666,831
Special Funds		300,489	300,000	300,000
Federal Funds		750.04 537,720,559	763.43 622,410,506	789.43 632,531,278
Private Contributions			10,000	10,000
Interdepartmental Transfers		- 23,088,631	0.50 32,698,123	0.50 30,659,407
Revolving Funds		1,755,200	1,755,200	1,755,200
		1,863.50	1,932.50	1,986.50
Total Requirements		1,075,441,108	1,193,618,917	1,218,922,716

Highlights of operating budget request:

1. Provides \$1,850,470 in FY 02 and \$1,835,203 in FY 03 in general funds to address requirements under the Felix Consent Decree.
2. Provides \$28,620,385 (\$12,797,816 in general funds and \$15,822,569 in federal funds) in FY02 and \$48,068,485 (\$21,773,114 in general funds and \$26,295,371 in federal funds) in FY 03 for prescription drug costs for Medicaid program.
3. Provides \$8,327,731 (\$5,274,625 in general funds and \$3,053,106 in federal funds) in FY 02 and \$12,632,008 (\$8,029,362 in general funds and \$4,602,646 in federal funds) in FY 03 for board and board related payments for children in foster care.
4. Provides \$2,200,000 in general funds in each year of the biennium for Medicaid waiver programs including Nursing Home Without Walls and Residential Alternative Community Care.
5. Provides \$36,269,666 in FY 02 and \$44,425,905 in FY 03 in federal funds for the Medicaid/QUEST programs because of an increase in the federal reimbursement rate.
6. Provides \$200,000 in general funds in each year of the biennium for substance abuse treatment services for child protective services clients.

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
(Operating Budget)**

		<u>FY 01</u>	<u>Recommended</u>	<u>Recommended</u>
		<u>Allocation</u>	<u>FY 02</u>	<u>FY 03</u>
			<u>Appropriations</u>	<u>Appropriations</u>
Funding Sources:				
General Fund	Positions	256.15	256.15	256.15
	\$	17,309,137	16,009,137	16,009,137
Special Funds		3.00	3.00	3.00
		197,435,115	197,435,115	197,435,115
Federal Funds		448.28	450.44	450.44
		64,677,883	74,213,805	74,204,904
Interdepartmental Transfers		1,281,438	1,281,438	1,281,438
Revolving Funds		18.00	18.00	18.00
		1,232,325	1,232,325	1,232,325
		725.43	727.59	727.59
Total Requirements		281,935,898	290,171,820	290,162,919

Highlights of operating budget:

1. Provides \$10,948,997 in federal funds in each year of the biennium for administering the federal Workforce Investment Act.
2. Provides 2.16 positions and \$101,095 in FY 02 and \$92,194 in FY 03 in federal funds for public internet access to departmental programs.

**DEPARTMENT OF LAND AND NATURAL RESOURCES
(Operating Budget)**

		<u>FY 01</u>	<u>Recommended</u>	<u>Recommended</u>
		<u>Allocation</u>	<u>FY 02</u>	<u>FY 03</u>
			<u>Appropriations</u>	<u>Appropriations</u>
Funding Sources:				
General Fund	Positions	515.25	520.25	520.25
	\$	25,775,422	26,673,779	26,649,509
Special Funds		187.50	191.50	191.50
		25,879,528	33,569,968	33,879,968
Federal Funds		17.25	17.25	17.25
		6,397,711	6,397,711	6,397,711
Interdepartmental Transfers		4.00	2.00	2.00
		149,328	76,245	76,245
Revolving Funds		1.00	1.00	1.00
		626,984	626,984	626,984
		725.00	732.00	732.00
Total Requirements		58,828,973	67,344,687	67,630,417

Highlights of operating budget:

1. Provides \$131,077 in FY 01 and \$101,436 in FY 03 for two positions in the Commission on Water Resources Management Commission to establish a stream protection and management system.
2. Provides \$250,000 in each year of the biennium to undertake studies of stream flow parameters, water quality, habitat suitability and to evaluate and forecast the effects of stream hydrology and biology.
3. Provides \$300,000 in FY 02 and \$360,000 in FY 03 to upgrade DLNR's 'Green Net' statewide radio system used in daily operations, emergency response and incident management.
4. Provides \$100,488 in each year of the biennium to fund two temporary positions in the burial program.
5. Provides \$250,000 in each year of the biennium for lifeguard services at Ke'e Beach, Kauai and an additional \$100,000 in FY 03 for on-going lifeguard contracts on Oahu and Island of Hawaii.
6. Provides \$400,000 in each year of the biennium for temporary field personnel, supplies and vehicles for the Invasive Species Rapid Response Capability team and to continue activities of the multi-agency groups that undertake miconia eradication and other efforts.

**OFFICE OF THE LIEUTENANT GOVERNOR
(Operating Budget)**

		FY 01	Recommended	Recommended
		<u>Allocation</u>	<u>FY 02</u>	<u>FY 03</u>
			<u>Appropriations</u>	<u>Appropriations</u>
Funding Sources:				
	Positions	15.00	15.00	15.00
General Fund	\$	4,498,660	4,308,082	3,917,703
		4.00	4.00	4.00
Trust Funds		4,414,810	386,122	4,414,810
		<hr/>		
		19.00	19.00	19.00
Total Requirements		8,913,470	4,694,204	8,332,513
		<hr/> <hr/>		

Highlights of operating budget:

1. Provides \$410,780 in general funds in FY 02 to complete the work of the Reapportionment Commission.
2. Provides \$712,902 in general funds over the biennium to the Office of Elections for voter education programs and other enhancements for the elections program.

**DEPARTMENT OF PUBLIC SAFETY
(Operating Budget)**

		<u>FY 01</u>	<u>Recommended</u>	<u>Recommended</u>
		<u>Allocation</u>	<u>FY 02</u>	<u>FY 03</u>
			<u>Appropriations</u>	<u>Appropriations</u>
Funding Sources:				
General Fund	Positions	2,489.03	2,504.03	2,504.03
	\$	134,628,527	147,976,439	147,356,072
Special Funds		6.00	6.00	6.00
		1,553,740	1,616,740	1,623,740
Federal Funds		3.00	3.00	3.00
		176,291	176,291	176,291
County Funds		200,000	200,000	200,000
Trust Funds		75,065	75,065	75,065
Interdepartmental Transfers		40.00	40.00	40.00
		2,964,286	2,977,517	2,977,517
Revolving Funds		13.00	13.00	13.00
		11,489,279	11,497,756	11,497,756
Other Funds		742,980	742,980	742,980
Total Requirements		2,551.03 151,830,168	2,566.03 165,262,788	2,566.03 164,649,421

Highlights of operating budget:

1. Provides \$4,428,000 in both years of the biennium for increased expenses for out-of-state inmates due to new contract.
2. Provides \$6,570,000 in both years of the biennium to lease federal bed space at new federal prison on Oahu to relieve overcrowding.

**DEPARTMENT OF TAXATION
(Operating Budget)**

		FY 01	Recommended	Recommended
		<u>Allocation</u>	<u>FY 02</u>	<u>FY 03</u>
			<u>Appropriations</u>	<u>Appropriations</u>
Funding Sources:				
	Positions	343.00	343.00	343.00
General Fund	\$	17,160,135	17,260,135	17,160,135
		<hr/>		
		343.00	343.00	343.00
Total Requirements		17,160,135	17,260,135	17,160,135
		<hr/> <hr/>		

Highlights of operating budget:

1. No significant changes.

DEPARTMENT OF TRANSPORTATION
(Operating Budget)

		<u>FY 01</u>	<u>Recommended</u>	<u>Recommended</u>
		<u>Allocation</u>	<u>FY 02</u>	<u>FY 03</u>
			<u>Appropriations</u>	<u>Appropriations</u>
Funding Sources:				
Special Funds	\$	2,259.75 486,095,984	2,259.75 497,281,175	2,259.75 498,956,475
Federal Funds		3.00 1,048,946	3.00 4,886,000	3.00 9,428,946
Private Contributions			112,500	112,500
Total Requirements		2,262.75 487,144,930	2,262.75 502,279,675	2,262.75 508,497,921

Highlights of operating budget:

1. Provides a new bridge inspection snoopers machine for Hawaii Highways District (FY 02 \$850,000).
2. Provides a new bridge inspection snoopers machine for Maui Highways District (FY 02 \$850,000).
3. Increases special maintenance for Oahu Highways District (FY 02 \$6,167,457; FY 03 \$4,896,457).
4. Increases special maintenance for Hawaii Highways District (FY 02 \$1,884,823; FY 03 \$1,198,617).
5. Increases special maintenance for Maui Highways District (FY 02 \$479,635; FY 03 \$2,202,876).
6. Increases special maintenance for Molokai Highways District (FY 02 \$150,499; FY 03 \$80,499).
7. Increases special maintenance for Lanai Highways District (FY 02 \$93,404; FY 03 \$37,404).
8. Increases special maintenance for Kauai Highways District (FY 02 \$1,245,431; FY 03 \$1,607,430).
9. Provides vehicles for elderly/handicapped (\$450,000 federal /\$112,500 private each fiscal year).
10. Provides environmental contingency fund for emergency related to oil spillage from old underground

**UNIVERSITY OF HAWAII
(Operating Budget)**

		<u>FY 01</u>	<u>Recommended</u>	<u>Recommended</u>
		<u>Allocation</u>	<u>FY 02</u>	<u>FY 03</u>
			<u>Appropriations</u>	<u>Appropriations</u>
Funding Sources:				
	Positions	5,685.34	5,685.34	5,685.34
General Fund	\$	391,771,219	429,004,895	442,411,124
		157.25	182.25	182.25
Special Funds		104,098,534	110,981,773	111,081,773
		97.66	97.66	97.66
Federal Funds		9,841,108	9,811,804	9,811,804
		346.25	323.75	323.75
Revolving Funds		118,558,535	115,874,618	117,977,403
		6,286.50	6,289.00	6,289.00
Total Requirements		624,269,396	665,673,090	681,282,104

Highlights of operating budget request:

1. Provides \$5,000,000 in general funds in both years of the biennium for priority needs of the University of Hawaii.
2. Provides \$1,000,000 in general funds in both years of the biennium for the Department of Information and Computer Sciences initiative at the University of Hawaii at Manoa Campus.
3. Provides \$21,494,697 in general funds over the biennium for additional debt service expenses.
4. Provides \$57,371,884 in general funds over the biennium for additional fringe benefits.

**Summary of CIP Request
Fiscal Biennium 2002-03 - All Funds**

	Recommended FY 02 <u>Appropriations</u>		Recommended FY 03 <u>Appropriations</u>	
Accounting and General Services	86,480,000	12.3%	73,152,000	9.7%
Agriculture	8,525,000	1.2%	2,005,000	0.3%
Attorney General	0	0.0%	0	0.0%
Budget and Finance	75,000,000	10.6%	75,000,000	9.9%
Business, Economic Dev & Tourism	48,540,000	6.9%	96,419,000	12.8%
Commerce and Consumer Affairs	0	0.0%	0	0.0%
Defense	1,658,000	0.2%	2,113,000	0.3%
Education	95,000,000	13.5%	95,000,000	12.6%
Public Libraries	4,500,000	0.6%	14,500,000	1.9%
Governor	3,001,000	0.4%	1,000	0.0%
Hawaiian Home Lands	0	0.0%	0	0.0%
Health	33,202,000	4.7%	33,148,000	4.4%
Human Resources Development	0	0.0%	0	0.0%
Human Services	200,000	0.0%	0	0.0%
Labor and Industrial Relations	0	0.0%	0	0.0%
Land and Natural Resources	38,726,000	5.5%	46,170,000	6.1%
Lieutenant Governor	0	0.0%	0	0.0%
Public Safety	4,754,000	0.7%	12,000,000	1.6%
Subsidies	0	0.0%	0	0.0%
Taxation	0	0.0%	0	0.0%
Transportation	216,967,000	30.7%	104,418,000	13.8%
University of Hawaii	89,356,000	12.7%	201,089,000	26.6%
TOTAL REQUIREMENTS	705,909,000	100.0%	755,015,000	100.0%
General Funds	0	0.0%	0	0.0%
Special Funds	154,650,000	21.9%	93,568,000	12.4%
General Obligation Bonds	345,715,000	49.0%	514,606,000	68.2%
General Obligation Reimbursable		0.0%		0.0%
Bonds	1,260,000	0.2%	4,600,000	0.6%
Revenue Bonds	62,590,000	8.9%	58,185,000	7.7%
Federal Aid Interstate	0	0.0%	0	0.0%
Federal Aid Primary	0	0.0%	0	0.0%
Federal Aid Secondary	0	0.0%	0	0.0%
Other Federal Funds	124,478,000	17.6%	64,056,000	8.5%
Private Contributions	7,382,000	1.0%	20,000,000	2.6%
Trust Funds	0	0.0%	0	0.0%
Revolving Funds	9,834,000	1.4%	0	0.0%
Other Funds	0	0.0%	0	0.0%
TOTAL REQUIREMENTS	705,909,000	100.0%	755,015,000	100.0%

Summary of CIP Request
Fiscal Biennium 2002-03 - GO and GOR only

	Recommended FY 02 <u>Appropriations</u>		Recommended FY 03 <u>Appropriations</u>	
Accounting and General Services	81,527,000	23.5%	72,677,000	14.0%
Agriculture	8,525,000	2.5%	2,005,000	0.4%
Attorney General	0	0.0%	0	0.0%
Budget and Finance	75,000,000	21.6%	75,000,000	14.4%
Business, Economic Dev & Tourism	23,613,000	6.8%	40,839,000	7.9%
Commerce and Consumer Affairs	0	0.0%	0	0.0%
Defense	1,558,000	0.4%	2,013,000	0.4%
Education	50,000,000	14.4%	50,000,000	9.6%
Public Libraries	4,500,000	1.3%	14,500,000	2.8%
Governor	1,001,000	0.3%	1,000	0.0%
Hawaiian Home Lands	0	0.0%	0	0.0%
Health	14,976,000	4.3%	14,922,000	2.9%
Human Resources Development	0	0.0%	0	0.0%
Human Services	200,000	0.1%	0	0.0%
Labor and Industrial Relations	0	0.0%	0	0.0%
Land and Natural Resources	29,511,000	8.5%	43,235,000	8.3%
Lieutenant Governor	0	0.0%	0	0.0%
Public Safety	4,754,000	1.4%	12,000,000	2.3%
Subsidies	0	0.0%	0	0.0%
Taxation	0	0.0%	0	0.0%
Transportation	0	0.0%	0	0.0%
University of Hawaii	51,810,000	14.9%	192,014,000	37.0%
TOTAL REQUIREMENTS	346,975,000	100.0%	519,206,000	100.0%
General Obligation Bonds	345,715,000	99.6%	514,606,000	99.1%
General Obligation Reimbursable Bonds	1,260,000	0.4%	4,600,000	0.9%
TOTAL REQUIREMENTS	346,975,000	100.0%	519,206,000	100.0%

**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
(CIP Budget)**

	Recommended FY 02 <u>Appropriations</u>	Recommended FY 03 <u>Appropriations</u>
Funding Sources:		
Special Funds	4,953,000	475,000
General Obligation Bonds	81,527,000	72,677,000
Total Requirements	<u>86,480,000</u>	<u>73,152,000</u>

Highlights of CIP budget:

1. Provides \$50,000,000 in general obligation bond funds in each fiscal year for major repairs and maintenance of school facilities.
2. Provides \$5,000,000 in general obligation bond funds in each fiscal year for repair and maintenance of public buildings, libraries, and health centers.
3. Provides general obligation bond funds of \$7,535,000 in FY 02 and \$3,115,000 in FY 03 in lump-sum requests for remodeling of state office space, replacement of air conditioning systems, health and safety requirements, and advanced planning.
4. Provides \$3,258,000 in special funds in FY 02 for the State Art Gallery at the No. 1 Capitol District Building.
5. Provides special funds of \$825,000 in FY 02 and \$275,000 in FY 03 to renovate the upper and lower concourse restrooms at Aloha Stadium.

**DEPARTMENT OF AGRICULTURE
(CIP Budget)**

	Recommended FY 02 <u>Appropriations</u>	Recommended FY 03 <u>Appropriations</u>
Funding Sources:		
Special Funds		
General Obligation Bonds	8,525,000	2,005,000
Total Requirements	<u>8,525,000</u>	<u>2,005,000</u>

Highlights of CIP budget:

1. Provides \$4,219,000 in FY 02 to construct a new Plant Quarantine building.
2. Provides \$3,000,000 in FY 02 for improvements to the Kekaha Irrigation system.
3. Provides \$3,021,000 over the biennium for health and safety requirements, and for water infrastructure requirements for North Kona.

**DEPARTMENT OF BUDGET AND FINANCE
(CIP Budget)**

	Recommended FY 02 <u>Appropriations</u>	Recommended FY 03 <u>Appropriations</u>
Funding Sources:		
General Obligation Bonds	75,000,000	75,000,000
	<hr/>	<hr/>
Total Requirements	75,000,000	75,000,000
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Highlights of CIP budget:

1. Provides \$45,000,000 each year for the School Facilities Improvement Special Fund
2. Provides \$30,000,000 in each year for the Hawaiian Home Lands Trust Fund.

**DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
(CIP Budget)**

	Recommended FY 02 <u>Appropriations</u>	Recommended FY 03 <u>Appropriations</u>
Funding Sources:		
General Obligation Bonds	23,613,000	40,839,000
Revenue Bonds		20,000,000
Federal Funds	24,927,000	15,580,000
Private Contributions		20,000,000
Total Requirements	48,540,000	96,419,000

Highlights of CIP budget:

1. Provides \$5,000,000 in general obligation bond funds in FY 02 and \$65,000,000 (\$25M in general obligation bond; \$20M in revenue bond; and \$20M in private funds) in FY 03 for the Kakaako Aquarium.
2. Provides \$10,000,000 in general obligation bond funds in FY 02 for infrastructure improvements in Kakaako Makai.
3. Provides \$5,396,000 (\$3,396,000 in general obligation bond; and \$2,000,000 in federal funds) in FY 02 and \$3,099,000 in FY 03 in general obligation bond funds for the Natural Energy Laboratory of Hawaii Authority for seawater and potable water pipelines, pump station upgrades, and construction of a Research & Education Center.
4. Provides \$10,000,000 in FY 03 in general obligation bond funds for housing improvements at Kuhio Park Terrace.
5. Provides \$2,625,000 in FY 02 and \$1,125,000 In FY 03 in general obligation bond funds for State Public Housing accessibility upgrades to meet ADA requirements.
6. Provides \$15,580,000 in federal funds in both years of the biennium for Federal housing improvements (health and safety, and compliance with current codes and standards).

**DEPARTMENT OF DEFENSE
(CIP Budget)**

	Recommended FY 02 <u>Appropriations</u>	Recommended FY 03 <u>Appropriations</u>
Funding Sources:		
General Obligation Bonds	1,558,000	2,013,000
Federal Funds	<u>100,000</u>	<u>100,000</u>
Total Requirements	<u><u>1,658,000</u></u>	<u><u>2,113,000</u></u>

Highlights of CIP budget:

1. Provides \$1,829,000 in general obligation bond funds over the biennium for disaster communication upgrades statewide.

**DEPARTMENT OF EDUCATION
(CIP Budget)**

	Recommended FY 02 <u>Appropriations</u>	Recommended FY 03 <u>Appropriations</u>
Funding Sources:		
Special Funds	45,000,000	45,000,000
General Obligation Bonds	54,500,000	64,500,000
Total Requirements	<u>99,500,000</u>	<u>109,500,000</u>

Highlights of CIP budget:

1. Provides \$100 million in general obligation bond funds for various capital improvement projects for the Department of Education.
2. Provides \$12 million in general obligation bond funds over the biennium for the construction of Phase Two of the Kapolei Library.
3. Provides \$7 million in general obligation bond funds over the biennium to address health and safety requirements of the Hawaii State Public Library System.
4. Provides \$47 million in State Education Facilities Improvement Special Fund over the biennium for various statewide school facilities projects.
5. Provides \$21 million in State Education Facilities Improvement Special Fund over the biennium for the first increment of the Mililani Mauka II Elementary School project.
6. Provides \$22 million in State Education Facilities Improvement Special Fund over the biennium for Kapolei High School.

Note: \$50 million in general obligation bond funds in each year of the biennium is included in the Department of Accounting and General Services budget for major repair and maintenance of schools.

**OFFICE OF THE GOVERNOR
(CIP Budget)**

	Recommended FY 02 <u>Appropriations</u>	Recommended FY 03 <u>Appropriations</u>
Funding Sources:		
General Obligation Bonds	1,001,000	1,000
Private Contributions	2,000,000	-
Total Requirements	<u>3,001,000</u>	<u>1,000</u>

Highlights of budget request:

1. Provides \$1,000,000 in general obligation bond funds and \$2,000,000 in private contributions in FY 02 to promote historical development and increase exhibit capacity at Washington Place.
2. Provides \$12 million in general obligation bond funds over the biennium for the construction of Phase Two of the Kapolei Library.
3. Provides \$7 million in general obligation bond funds over the biennium to address health and safety requirements of the Hawaii State Public Library System.
4. Provides \$47 million in State Education Facilities Improvement Special Fund over the biennium for various statewide school facilities projects.
5. Provides \$21 million in State Education Facilities Improvement Special Fund over the biennium for the first increment of the Mililani Mauka II Elementary School project.
6. Provides \$22 million in State Education Facilities Improvement Special Fund over the biennium for Kapolei High School.

**DEPARTMENT OF HEALTH
(CIP Budget)**

	<u>Recommended FY 02 Appropriations</u>	<u>Recommended FY 03 Appropriations</u>
Funding Sources:		
General Obligation Bonds	14,976,000	14,922,000
Federal Funds	18,226,000	18,226,000
Total Requirements	33,202,000	33,148,000

Highlights of CIP budget:

1. Provides \$800,000 in FY 02 and \$5,700,000 in FY 03 in general obligation bond funds for a juvenile sex offender residential facility.
2. Provides \$6,934,000 in FY 02 and \$5,577,000 in FY 03 in general obligation bond funds for various health and safety projects for hospital facilities of the Hawaii Health Systems Corporation.
3. Provides \$1,950,000 in FY 02 in general obligation bond funds to replace air conditioners at various health centers on Oahu.
4. Provides \$1,551,000 in general obligation bond funds and \$7,757,000 in federal funds for each year of the biennium to be transferred to the Safe Drinking Water Revolving Fund to support the construction and renovation of public water systems.
5. Provides \$2,094,000 in general obligation bond funds and \$10,469,000 in federal funds for each year of the biennium to be transferred to the Wastewater Treatment Revolving Fund to support the construction and renovation of public wastewater treatment facilities.

**DEPARTMENT OF HUMAN SERVICES
(CIP Budget)**

	Recommended FY 02 <u>Appropriations</u>	Recommended FY 03 <u>Appropriations</u>
Funding Sources:		
General Obligation Bonds	200,000	
Total Requirements	200,000	-

Highlights of CIP budget:

1. Provides \$200,000 in FY 02 in general obligation bond funds for renovations to the gym at the Hawaii Youth Correctional Facility.

**DEPARTMENT OF LAND AND NATURAL RESOURCES
(CIP Budget)**

Funding Sources:	<u>Recommended FY 02 Appropriations</u>	<u>Recommended FY 03 Appropriations</u>
Special Funds	4,360,000	560,000
General Obligation Bonds	28,251,000	38,635,000
General Obligation Reimbursable Bonds	1,260,000	4,600,000
Federal Funds	4,855,000	2,375,000
Total Requirements	38,726,000	46,170,000

Highlights of CIP budget:

1. Provides \$5 M in FY 02 and \$2.4 M in FY 03 in general obligation bond funds for the design and construction for the incremental development of the Diamond Head State Monument in accordance with the Master Plan.
2. Provides \$.4 M in FY 02 and \$3 M in FY 03 in general obligation bond funds for seawall and sand restoration at Kuhio Beach, Oahu.
3. Provides \$13.5 M in FY 02 and \$4 M in FY 03 in general obligation bond funds for ADA Public Accessibility for statewide projects.
4. Provides \$10.8 M in FY 03 in general obligation bond funds for improvements to the Waimanalo Wastewater Treatment Plant to correct deficiencies.
5. Provides \$4 M in FY 02 in special funds for the design and construction of the roadway, utilities and new lookout for the Ka Iwi scenic area, Oahu. This project qualifies for federal reimbursement.
6. Provides \$.12 M in general obligation bond funds and \$.5 M in federal funds in FY 02 and \$.5 M in general obligation bond funds and \$2 M in federal funds in FY 03 for two Lahaina cruise ship projects.
7. Provides over \$5.4 M in FY 02 and \$4.9 M in FY 03 in general obligation bond funds for various State Parks improvements.
8. Provides over \$1.3 M in FY 02 and \$11 M in FY 03 in general obligation bond funds for various waterline improvements, well development and monitor well projects statewide.
9. Provides almost \$1 M in FY 02 and \$4.3 M in FY 03 in general obligation reimbursable bond funds for various boating projects statewide.

**DEPARTMENT OF PUBLIC SAFETY
(CIP Budget)**

	Recommended FY 02 <u>Appropriations</u>	Recommended FY 03 <u>Appropriations</u>
Funding Sources:		
General Obligation Bonds	4,754,000	12,000,000
Total Requirements	<u>4,754,000</u>	<u>12,000,000</u>

Highlights of CIP budget:

1. Provides \$12,500,000 in GO bond funds over the biennium for Maui Community Correctional Center 100 bed expansion and renovation.
2. Provides \$4,000,000 in FY 02 in GO bond funds for transition housing for female offenders statewide.

**DEPARTMENT OF TRANSPORTATION
(CIP Budget)**

	Recommended FY 02 <u>Appropriations</u>	Recommended FY 03 <u>Appropriations</u>
Funding Sources:		
Special Funds	99,587,000	47,533,000
Revenue Bonds	62,590,000	29,110,000
Federal Funds	53,790,000	27,775,000
Private Contributions	1,000,000	
Total Requirements	<u>216,967,000</u>	<u>104,418,000</u>

Highlights of CIP budget:

1. Provides new pavement structure for Sand Island Container yard, FY 02 \$16,500,000.
2. Provides for reconstruction of yard to allow modernization of container stacking for Pier 51B container yard, FY 02 \$16,150,000.
3. Provides for construction of cruise terminal structure at Pier 2, Honolulu Harbor, FY 02 \$12,600,000.
4. Provides for roadway, utilities, landscaping for cruise terminal at Pier 2; FY 02 \$7,400,000.
5. Provides for extension of berthing capacity to allow for two large cruise vessels at Nawiliwili Harbor, FY 02 \$5,600,000.
6. Provides for extension of berthing capacity to allow for two large cruise vessels at Hilo Harbor; FY 02 \$3,350,000.
7. Provides for drainage improvements at Keehi Industrial Park, Honolulu Harbor; FY 02 \$300,000; FY 03 \$4,000,000.
8. Provides for expansion of barge terminal at Kahului Harbor; FY 02 \$2,750,000.
9. Provides for design of new barge terminal pier at Hilo Harbor; FY 03 \$2,000,000.
10. Provides for installation of cargo container gantry crane and rail system at Kalaeloa Barbers Point Harbor, FY 02 \$400,000; FY 03 \$4,400,000.
11. Provides for sidewalks, signalized pedestrian crosswalk, continuous left turn lanes for Farrington Highway, Nanakuli to Makaha; FY 02 \$5,000,000.
12. Provides for seismic retrofit of various bridges, statewide; FY 02 \$9,500,000; FY 03 \$9,000,000.
13. Provides for design for widening and realigning of existing Saddle Road to current standards, FY 02 \$5,625,000.

**DEPARTMENT OF TRANSPORTATION
(CIP Budget)**

14. Provides for construction of new 2 lane Kihei-Upcountry Highway, FY 02 \$4,000,000.
15. Provides for land acquisition for widening of Kaumualii Highway, from two to four lanes, vicinity of Kipu (between Lihue and West of Maluhia Road) FY 03 \$10,000,000.
16. Provides for striping, airfield lighting, and navigational aids for Kalaeloa Airport, FY 02 \$4,330,000.
17. Provides for various improvements for duty paid and duty free concessions and public areas in Overseas Terminal, Honolulu International Airport, FY 02 \$7,500,000.
18. Provides for covered canopies for Overseas Terminal ticket lobby, Honolulu International Airport, FY 02 4,600,000.
19. Provides for additional hold cargo facility (80,000 sq feet) for Hilo International Airport, FY 02 \$17,540,000.
20. Provides for paving of general aviation apron at Lihue Airport, FY 02 \$13,800,000.
21. Provides for improvements to meet projected cargo operations demands North Ramp, Elliot Street Maintenance Facility, Honolulu International Airport, FY 02 \$1,050,000; FY 03 \$8,900,000.
22. Provides for extension of Lanai Airport runway and taxiway by 2,000 feet; FY 02 \$4,600,000.

**UNIVERSITY OF HAWAII
(CIP Budget)**

	<u>Recommended FY 02 Appropriations</u>	<u>Recommended FY 03 Appropriations</u>
Funding Sources:		
Special Funds	750,000	-
General Obligation Bonds	51,810,000	192,014,000
Revenue Bonds		9,075,000
Federal Funds	22,580,000	-
Private Contributions	4,382,000	-
Revolving Funds	9,834,000	-
Total Requirements	89,356,000	201,089,000

Highlights of budget request:

G.O. Bond Funds:

1. Provides \$141,000,000 (and \$9,075,000 in revenue bond) over the biennium for a new University of Hawaii Medical School Facility.
2. Provides \$40,000,000 over the biennium for University facilities improvements (R&M) systemwide.
3. Provides \$20,384,000 over the biennium for a new Information and Technology Services building at the University of Hawaii at Manoa Campus.
4. Provides \$6,263,000 over the biennium to renovate Gartley Hall at the University of Hawaii at Manoa Campus.
5. Provides \$24,014,000 over the biennium for various health, safety, and accessibility requirements and systemwide infrastructure improvements at University of Hawaii.
6. Provides \$2,371,000 over the biennium for University of Hawaii Pacific Aerospace Training Center.
7. Provides \$3,405,000 over the biennium for Leeward Community College food service program.